



CORPORATE PLAN 2005-2007



WORKERS' COMPENSATION BOARD
Northwest Territories and Nunavut



VISION

Safe work practices and fair benefits.

MISSION

Safe workplaces achieved through strong partnerships with employer and workers while providing fair and sustainable benefits.

VALUES

The Workers' Compensation Board of the Northwest Territories and Nunavut is committed to the following values:

- *We treat others honestly, fairly and respectfully.*
- *We are sensitive and responsive to our clients' needs.*
 - *We work safely.*
 - *We do what we say.*

FORWARD

The Workers' Compensation Board of the Northwest Territories and Nunavut produces and publishes the Corporate Plan as a matter of record, pursuant to section 91(1) of the *Financial Administration Acts* of both Territories.

The Corporate Plan is intended to complement two other publications the WCB produces: The Annual Report and the annual Reflections magazine. The Corporate Plan is the steering document that sets out a forward looking approach to the way the WCB conducts its business. This document is internally focused and is used as a broad based guidance paper for the employees of the Board. It also serves as information for other interested stakeholders. It highlights the priorities and goals of the WCB as set out by the WCB Governance Council, and the intentions of WCB Operations for achieving these goals.



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From the Office of the **CHAIRPERSON**



“A major highlight of this plan is the change in our objectives to reflect a renewed interest in dialogue and shared understanding with our stakeholders.”

The Workers' Compensation Board of the NWT and Nunavut has made great inroads at becoming an adaptive and innovative organization. The 2005-2007 Corporate Plan outlines our commitment to improving and strengthening our work along strong and well-defined organizational priorities.

This Corporate Plan defines the work of the WCB for the next three years. It belongs to the staff and Governance Council of the WCB, and it should be a reference tool for all of us, reminding us of our greater purpose and vision. The work that we do each day for the WCB should reflect back upon the priorities set out in this document.

A major highlight of this plan is the change in our objectives to reflect a renewed interest in dialogue and shared understanding with our stakeholders. As we have adapted as an organization, we have come to understand it is not enough to provide employers and workers with information. We must also be willing to take the time to provide these stakeholders with the reason and benefits behind our programming, and listen and respond to their concerns.

These are exciting times to be involved with the WCB. We have made great changes in the past five years, and this Corporate Plan will assist us in continuing on in the right direction. I hope that you share my excitement and enthusiasm for our plans for the next three years.

Sincerely,

Andrew Wong, Chairperson
Workers' Compensation Board
of the Northwest Territories and Nunavut



From the Office of the **PRESIDENT**



“With the upgrades to our I.T. services, we are positioning ourselves for an online approach to business.”

I have now been president of the WCB for a full year, which has been very exciting for me. The WCB's mission and vision outline what we stand for as an organization. We have built a strong foundation from these principles. Moving forward through the next few years will be an exciting time for everyone, despite the challenges we know lie ahead.

We as an organization have many challenges ahead, both internally and externally. With the development and implementation of new information technology systems, we are striving to become a more efficient organization that can better serve employers and workers alike. With the upgrades to our I.T. services, we are positioning ourselves for an online approach to business. Our web site, which was redesigned in 2004, is the forerunner to the eventual online reporting of accidents and claims management, which will save time and money.

As of January 2005, Phase II of the *Act Now* recommendations have been submitted to the governments of Nunavut and the Northwest Territories. Our task now is to work with the legislative drafters in both jurisdictions to give life to the recommended policy changes resulting from this process. Once the changes take effect in law over the next couple of years the results will be an enhancement of our service to our clients.

We are striving to improve the employer assessment rate classification system. A merit/demerit component to the system for larger employers is being considered. This system rewards employers with good safety records, and who incorporate safety and 'return to work' components within their day-to-day business. This change will complement the WCB's core business function of promoting and ensuring safe workplaces and work practices.

Our organization is ready to move forward in a positive manner that will ensure responsible stewardship of employer's assessment monies, fair compensation and support of injured workers, and above all, enforcement and promotion of safety in all NWT and Nunavut work places.

David Clark, President and C.E.O.
Workers' Compensation Board
of the Northwest Territories and Nunavut



CORE BUSINESS

1. Governance Council

- Gives key direction and strategic priorities, goals and objectives for the WCB, in keeping with Council mission, vision and values.

2. President

- Effective planning, management and delivery of Governance Council direction.
- Developing and leading the management team; leading organizational change.
- Continually generating and communicating the long-term, strategic direction of the WCB.

3. NWT Operations

Claims

- Provides benefits to injured workers, those suffering from occupational diseases and dependants of workers who die as a result of their employment.
- Provides workers with a wage replacement while they recover and assists them in their return to work.
- Provides permanently injured workers with benefits for the remainder of their life.

Employer Services

- The Worker's Compensation Board is funded by employers who contribute to the accident fund based on a classification system that levies an assessment based on the industry's business risk and accident experience.

- The Employer Services Division is responsible for the accurate classification of employer business and for the assessment of employer contributions to the accident fund based on the classification.

Industrial Safety

- Enforce the *Safety Act* and General Safety Regulations.
- Work with employers, to educate them, and help them become compliant with the Act and Regulations.

Mine Safety

- Administer the *Mine Health and Safety Act*.
- Conduct inspections at mines and exploration camps to ensure compliance.
- Investigate incidents/serious accidents and all fatalities.
- Certification program.
- Permits and approvals.
- Mine rescue.
- Variances.
- Appeals.





4. Nunavut Operations

- In July 2002, Nunavut Operations began processing claims out of the Iqaluit office.
- Nunavut Operations is now a full service branch of the WCB (except Pensions and Mine Inspections).
- Approximately one-third of WCB business is now run out of Iqaluit.

5. Medical Services

- Advisory service on all matters of a medical nature to claim adjudication and review processes.
- Examination of workers (diagnosis/fitness/PMI).
- Liaison with external health care providers.
- Policy/program development.

6. Corporate Services

- Corporate Services is responsible for central agency functions, including Human Resources and Payroll, Finance and Administration, and Information Systems.

7. Legal Services

- The Corporate Secretary/General Counsel is the WCB's senior legal officer and is also responsible for Board governance and internal monitoring.
- Legal counsel provides the WCB with a full range of services, from legal opinions to third party actions.
- The Investigations Coordinator protects the integrity of the WCB's Accident Fund by targeting abuses of the system with innovative prevention techniques and appropriate detection methods, and by recommending fraud detection systems to management.

8. Policy, Planning and Communications (PPAC)

PPAC is responsible for central agency functions, including:

- Corporate Strategic Planning;
- Policy Development and Management;
- Internal and External Communications, Marketing and Media Relations;
- Statistical Information and Analysis;
- Performance Measurement Program and Process Evaluation;
- Review Committee; and
- Official Languages.



ENVIRONMENTAL SCAN

The Northwest Territories Situation

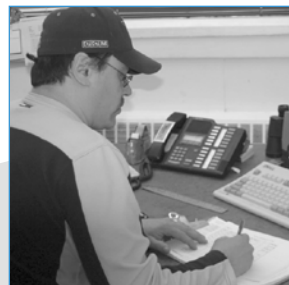
Over the past four years, NWT economic growth has been remarkable. Information released recently by Statistics Canada indicates that the Northwest Territories had the highest economic growth among provinces and territories on a constant dollar basis in 2003 at 20.8 percent, while the average for Canada was only 2.0 percent.

Examining Gross Domestic Product (GDP) by industry shows that the largest industry in the Northwest Territories in 2003 was diamond mining at \$1.78 billion, or approximately 50 percent of total GDP. This industry was also a major contributor to the growth in GDP, with an increase of 118 percent between 2002 and 2003. The GDP grew approximately 53 percent from 1999 to 2003 and is expected to grow an additional 8 percent in 2004.

In 2003, the combined production of Ekati and Diavik diamond mines was \$1.7 billion, or 12 percent of the global output. An additional diamond mine, De Beers' Snap Lake project is expected to begin construction in 2005, with full production starting in 2008.

It is expected that the 1,200 kilometre Mackenzie Valley Pipeline will be built in the next few years, with construction proposed to start in 2007. It is anticipated that gas will begin flowing from the Mackenzie Delta fields in 2009 and continue until 2033. This project could generate almost \$5 billion in labour income for Canada over the course of its construction. Oil and gas companies are also expected to invest over \$1 billion in exploration projects in the NWT over the next five years.

Examples of this economic boom are evident throughout the Northwest Territories, with continued increases in retail trade across the NWT and housing construction booms in many communities. Although mainly underdeveloped, tourism continues to contribute over \$50 million annually to the NWT economy and to provide extensive future possibilities for NWT residents and businesses.





In 2003, the NWT continued to have the highest employment rate in Canada at 69.9 percent, compared to the Canadian rate of 62.4 percent. The employment rate in the NWT, excluding Yellowknife, was 60 percent in 2003, while the Yellowknife employment rate was 81.9 percent. The employment rate for Aboriginal people in 2002 was 52.3 percent, the highest recorded value since 1984. Even with the boom in mining, oil and gas, and construction, the NWT labour market continues to be reliant on government, with 37.3 percent of employment in government administration, health and education services.

Although in 2003 the NWT continued to experience a declining number of births, its overall population grew by 1.1 percent. Inter-provincial migration continues to be the main driver of population growth in the NWT. The NWT population remains young. However, the fastest growing segment of the population is those persons 60 years of age or older, at an increase of 3 percent per year.

There continues to be strong population movement from the regional communities and centres into Yellowknife. Yellowknife's proportion of the territorial population has increased from 28.6 percent in 1967 to 44.6 percent in 2003. There are significant differences between incomes in Yellowknife, the regional centres such as Inuvik, Hay River and Fort Smith, and the rest of the communities.

Overall, the education levels of the NWT population continue to increase. In 2003, 63 percent of residents 15 years of age and older had achieved at least a high school diploma, compared to 59 percent in 1989. Significant differences continue to exist between the education levels of the NWT's Aboriginal and non-Aboriginal residents.



ENVIRONMENTAL SCAN

The Nunavut Situation

Nunavut's economic growth was adversely affected by the closure of Nanisivik Mine in 2003. Nunavut had the only decline in growth in the country at 7.6 percent. However, mineral exploration continues to be strong, contributing close to \$100 million to the economy in 2004. It is anticipated this will rank Nunavut fourth among all Canadian jurisdictions. Construction of Nunavut's first diamond mine, Jericho, is also projected to begin in the first half of 2005. It is expected that Jericho will produce 3.1 million carats of diamonds over eight years.

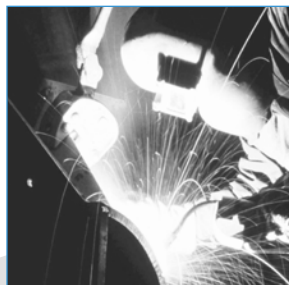
In 2004, Nunavut's population growth rate of 1.7 percent continued to be twice that of Canada. This contributed to an overall increase of approximately 5 percent between 1996 and 2001, with Iqaluit's population growing by 24 percent.

Government spending continues to be the major driver of Nunavut's economy, making up approximately 50 percent of its GDP in 2003. However, with most government functions now established, continued public sector spending is expected to slow down. The development of a significant economy in the private sector will be required to bolster Nunavut's economy.

Nunavut experienced an employment rate of approximately 56 percent in 2001 and a personal income of approximately \$528 million in 2002.

Although the housing situation has improved over the past 20 years, Nunavut continues to have challenges. Housing needs are not keeping pace with population growth. Nunavut also continues to have crowding issues, with approximately 19 percent of households made up of six or more persons, compared to 3.5 percent of all Canadian households.

Education levels of the Nunavut population continue to increase. However, with only 50 percent of residents 15 years of age and older achieving at least a high school diploma, they remain lower than both the NWT and Canada. In addition, significant differences continue to exist between the education levels of the Nunavut's Aboriginal and non-Aboriginal residents.





Implications for the WCB

As the economies of the NWT and Nunavut develop, the number of employers registered with the WCB increases. In 2003, 3,917 employers paid assessments to the WCB. This was up 66 from 3,851 in 2002.

With the large number of projects planned for the NWT and Nunavut within the next five years, approximately 3,500 new jobs will be created by the year 2008. Many of these jobs will likely be in construction, mining or the oil and gas industry. The WCB's challenge will be to ensure that all workers and their employers, new to our territories, are fully aware of their shared responsibility for workplace safety, and rights and obligations under the workers' compensation system in the event of injury.

In 2003, there were 127 mine inspections and 1,111 safety inspections, with 1,794 orders issued. Increased activities, especially in high risk industries such as mining, construction, and oil and gas, will result in continued increases to the number of mine and safety inspections.

In 2003, the WCB experienced a decrease in total claims costs. There was an 8 percent decrease in the total number of claims reported, from 3,535 in 2002 to 3,349 in 2003. However, the number of time loss claims increased by 4 percent.

The majority of time loss claims occurred in the construction, service, trades, public administration, and transportation sectors. Injuries such as sprains, strains, bruises, contusions, cuts and lacerations were the most common types of injuries.

The WCB witnessed a 28 percent increase in

its 2003 assessment revenues due to an increase in overall economic activity and an increase in the average assessment rate. Still, the average assessment rate was \$1.60, made possible by a 30 percent subsidy.

Territorial elections in both the NWT and Nunavut resulted in two new Ministers responsible for the WCB being appointed. In addition, new Directors were appointed to the WCB Governance Council in 2004 due to the expiry of a number of appointments. The financial markets over the past few years have continued to be volatile, leaving WCB investment revenue short of projections. The labour market within the north is increasingly competitive, with all employers striving to become the employer of choice. Strong leadership, communication and management at all levels within the organization will be the key to success.



WCB STRATEGIC PRIORITIES

WCB Governance Council

Priority:

- **Reduced workplace injuries and occupational disease in the Northwest Territories and Nunavut.**

- **Needs of workers and employers are met without compromising WCB financial sustainability.**

- **An efficient and adaptive organization.**

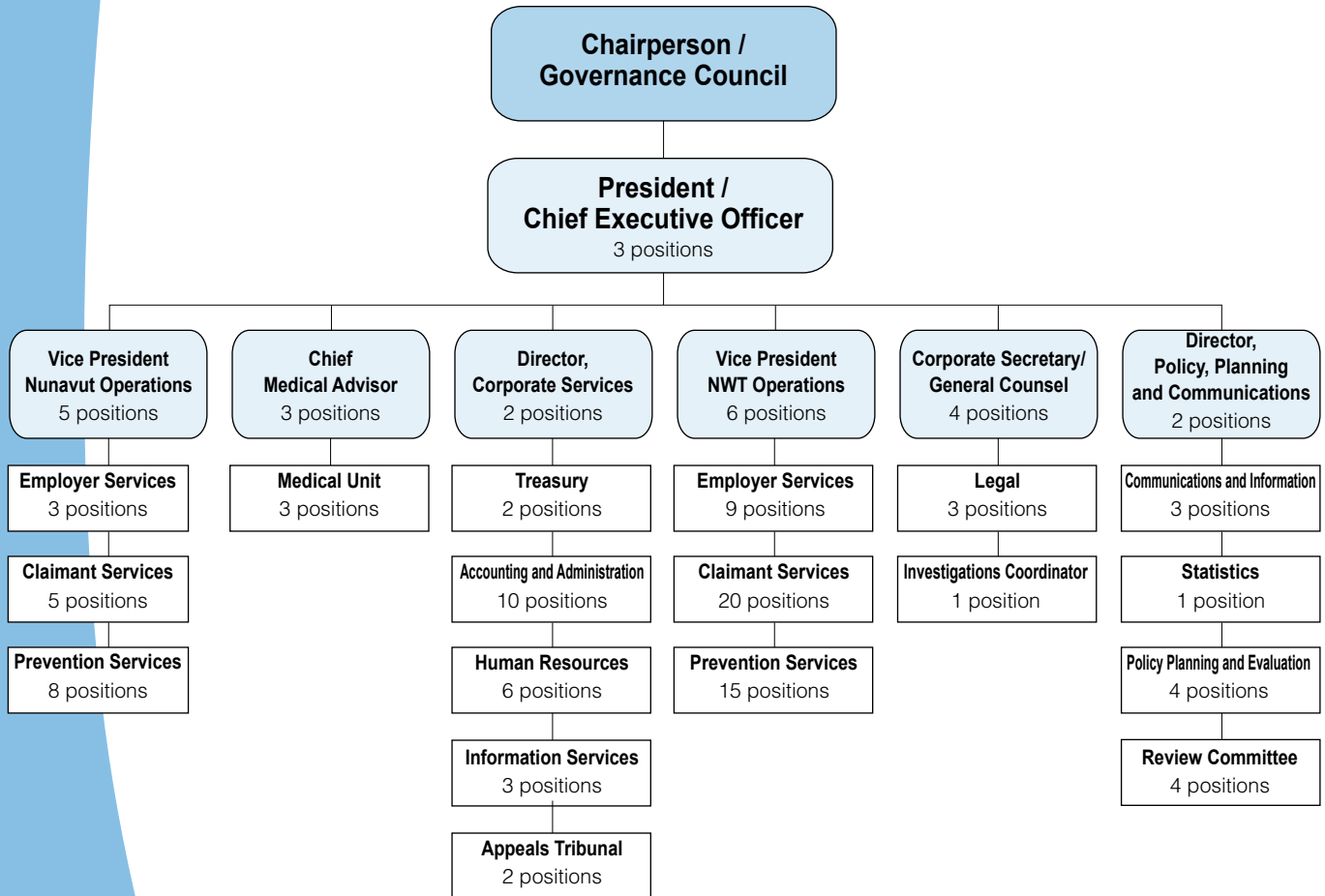
VISION: Safe work practices and fair benefits.

		WCB Operations
Goal:	Objective:	
1. Well trained, safety conscious workers.	<ul style="list-style-type: none"> • Recognition and ownership among workers and employers of the benefits of safe workplaces and legal requirements. • Shared awareness of the role, responsibilities and services of the WCB. • Targeted monitoring and enforcement. 	
2. Healthy and safe workplaces in the NWT and Nunavut.		
3. Benefits provided are fair to workers and affordable to employers	<ul style="list-style-type: none"> • Financially sound and justified program decisions and investment reporting. • Fairness and equity in the assessment of employers and provision of worker benefits. • Timely and safe return to pre-injury conditions and/or employability. 	
4. Stewardship of the Accident Fund.		
5. Timely, professional and client focused services.	<ul style="list-style-type: none"> • Efficient and adaptive processes that provide value. • Current and shared understanding within the WCB of core activities and inter-dependent services. • Reliable business continuity and emergency response capabilities. 	
6. Competent and capable people.	<ul style="list-style-type: none"> • Competent and professionally qualified staff. • High quality and adaptive customer service. • Capacity that supports continuity in service, knowledge and leadership. 	
7. Modern, effective and comprehensive legislation and related policies.		

MISSION: Safe workplaces achieved through strong partnerships with employer and workers while providing fair and sustainable benefits.



ACCOUNTABILITY STRUCTURE





FINANCIAL OVERVIEW

Projected Statement of Operations

For the year ending December 31 (in thousands of dollars)

	Actual 2003	Budget 2004	Projection 2004	Budget 2005	Projection 2006	Projection 2007
Revenue						
Assessments	23,126	28,803	26,050	27,019	28,370	29,788
Investment Revenue	12,230	14,786	11,237	18,825	20,558	22,451
Recoveries	526	1,000	1,000	1,000	1,000	1,000
Total Revenue	35,882	44,589	38,287	46,844	49,928	53,239
Expenses						
Cost of Claims, current year	21,729	26,571	22,813	23,337	24,037	24,758
Cost of Claims, prior years	8,319	4,304	-3,825	8,240	8,487	8,742
Cost of Claims, total	30,048	30,875	18,988	31,577	32,524	33,500
Administration and General Expenses	14,767	15,966	17,250	16,652	17,068	17,495
Total Operating Expenses	44,815	46,841	36,238	48,229	49,592	50,995
Net Income (loss) from Operations	-8,933	-2,252	2,049	-1,385	336	2,244



FINANCIAL OVERVIEW

Projected Statement of Reserves

For the year ending December 31 (in thousands of dollars)

	Actual 2003	Budget 2004	Projection 2004	Budget 2005	Projection 2006	Projection 2007
Operating Reserve						
Balance, beginning of year	10,010	8,582	5,477	7,526	8,941	9,277
Net Loss for the Year	-8,933	-2,350	2,049	-1,385	336	2,244
Transfer from (to) Rate Subsidy Reserve	5,000	3,000	-	2,800	-	-
Transfer to Catastrophe Reserve	-600	-600	0	0	-	-
Balance, end of year	5,477	8,632	7,526	8,941	9,277	11,521
Rate Subsidy Reserve						
Balance, beginning of year	22,000	17,000	17,000	17,000	14,200	14,200
Transfer from Operating Reserve	-5,000	-3,000	0	-2,800	-	-
Balance, end of year	17,000	14,000	17,000	14,200	14,200	14,200
Safety Reserve						
Balance, beginning of year	178	178	178	178	178	178
Transfer to Operating Reserve	-	-	-	-	-	-
Balance, end of year	178	178	178	178	178	178
Catastrophe Reserve						
Balance, beginning of year	19,350	19,350	19,950	19,950	19,950	19,950
Transfer from Operating Reserve	600	600	-	-	-	-
Balance, end of year	19,950	19,950	19,950	19,950	19,950	19,950

Schedule of Administration and General Expenditures – All Divisions

For the year ending December 31 (in thousands of dollars)

	Actual 2003	Budget 2004	Projection 2004	Budget 2005	Projection 2006	Projection 2007
Corporate Services	3,938	4,840	4,518	4,776	4,895	5,018
Policy, Planning and Communications	1,257	1,666	1,569	1,720	1,763	1,807
President, Legal, Medical	2,624	3,125	3,020	3,235	3,316	3,399
NWT Operations	4,591	4,739	4,626	4,890	5,012	5,138
Nunavut Operations	2,419	2,682	2,576	2,730	2,798	2,868
Governance Council	407	482	415	470	482	494
Appeals Tribunal	260	477	398	471	483	495
Workers' Advisor	123	129	130	185	190	194
Headquarters	4,078	2,636	3,973	3,013	3,088	3,166
	19,697	20,776	21,225	21,490	22,027	22,578
Claims Management Expenses	4,930	4,810	3,975	4,838	4,959	5,083
	14,767	15,966	17,250	16,652	17,068	17,495

Percentage of Change from the 2004 Budget Amounts	
Corporate Services	-1.3%
Policy, Planning and Communications	3.2%
President, Legal, Medical	3.5%
NWT Operations	3.2%
Nunavut Operations	1.8%
Governance Council	-2.5%
Appeals Tribunal	-1.3%
Workers' Advisor	43.4%
Headquarters	14.3%
Overall	3.4%



FINANCIAL OVERVIEW

Schedule of Capital Asset Acquisitions – Summary

For the year ending December 31 (in thousands of dollars)

	Actual 2003	Budget 2004	Projection 2004	Budget 2005	Projection 2006	Projection 2007
Assets Under Capital Lease, additions	-	200	22	578	100	100
Leasehold Improvements, additions	366	399	292	38	-	-
Equipment, additions	317	801	568	768	50	50
Computer Software, additions	235	1753	1120	834	258	258
Furnishings	7	187	169	39	20	20
	925	3,340	2,171	2,257	428	428



This document was produced in December 2004
under the direction of the WCB Governance Council.

Andy Wong, Chairperson

Bill Aho, Director (Employer Representative)

Shona Barkley, Director (Labour Representative)

George Kuksuk, Director (Public Interest Representative)

Karin McDonald, Director (Employer Representative)

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